

DEVELOPMENT OF HYDROELECTRIC ENERGY AT GREAT FALLS

JANUARY 19, 1925.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

MR. ZIHLMAN, from the Committee on the District of Columbia, submitted the following

REPORT

[To accompany S. 746]

The Committee on the District of Columbia, to whom was referred Senate bill 746, refer same back to the House with the following amendments, with the recommendation that the amendments be agreed to and the bill do pass.

Strike out all after the enacting clause and insert the following in lieu thereof:

That the improvement of the Potomac River for the improvement of the navigable capacity thereof and for the development of hydroelectric power, in accordance with the report submitted in Senate Document No. 403, Sixty-sixth Congress, third session, is hereby adopted and authorized to be prosecuted under the direction of the Secretary of War and the supervision of the Chief of Engineers in accordance with the plans recommended in said report: *Provided*, That the Secretary of War may, upon the recommendation of the Chief of Engineers, make such modifications in said plans as he may deem advisable.

SEC. 2. The Federal Power Commission is hereby authorized to issue licenses for the purpose of utilizing the surplus water or water power to be made available by the construction of the dams and other necessary works authorized in the preceding section under the terms and in accordance with the principles laid down in the Federal water power act (Forty-first Statutes, page 1063).

SEC. 3. Actual construction shall not be commenced on any unit of the complete project until the necessary lands and easements for flowage for such unit have been acquired by purchase or condemnation, or agreements made for such purchase, on terms deemed reasonable by the Secretary of War, and until guaranties have been obtained in such form as to satisfy the Federal Power Commission that the power can be disposed of on terms that will protect the investment of the United States and conserve and utilize in the public interest the navigation and water resources of the Potomac River.

Amend the title to read as follows:

A bill providing for the improvement of the Potomac River and the development of hydroelectric power at Great Falls.

The Great Falls hydroelectric project is based upon Senate Document 403, which contains the result of the investigation made by Major Tyler under an appropriation carried in the Federal water power act.

The report of Major Tyler is divided into two parts:

1. Providing for an additional water supply for the District of Columbia.
2. For the erection of power dams and auxiliary dams at Great Falls and the upper Potomac River and tributaries thereof.

The first part of this project has been adopted by Congress, a large part of the necessary appropriations have already been made, and the work is nearing completion.

Your committee feels that it is a sound public policy to construct the power dams provided for in said report, and the auxiliary dams as the demand for electric current increases in Washington and vicinity.

Major Tyler's report in its entirety provides for the building of a power dam at Chain Bridge and Great Falls, and the building of secondary storage dams on the upper Potomac, the Shenandoah, and the Great Cacapon Rivers.

The first unit proposed is the building of the dam at Chain Bridge at an estimated total cost of \$13,600,000.

Your committee feels that the first unit should be built by the Government without unnecessary delay, but only after the necessary lands and easements therefor shall have been acquired by purchase or condemnation, or agreements made for such purchase, on terms deemed reasonable by the Secretary of War, and not until guaranties have been obtained in such form as to satisfy the Federal Power Commission that the power can be disposed of on terms that will protect the investment of the United States and conserve and utilize in the public interest the water resources of the Potomac River.

If the bill in this form be adopted it will be necessary for the Federal Power Commission to obtain guaranties for the sale of the power generated before the work is actually commenced, and this will insure a return of every dollar invested by the Federal Government, as well as a considerable saving of coal and a lowering of the rates for current used in the District of Columbia and near-by territory.

Representatives of prominent investment bankers appeared before your committee and stated they were willing to enter into a lease for the water and water power, and were prepared to meet a part of the cost for the installation of machinery and generating equipment, provided they could obtain a long-term lease for the sale and disposition of the power. They estimated that this portion of the construction would equal about one-third of the total cost. The entire project of two power dams and three auxiliary or storage dams would cost \$44,421,000. The work could be taken up progressively as the need developed.

It is estimated that the needs of the District for light and power in 1920 was 308,000,000 kilowatt-hours, that the demand for power is steadily increasing, and that it will reach 500,000,000 kilowatt-hours per annum in 1930 and 900,000,000 kilowatt-hours in 1945.

The Chain Bridge dam alone will, it is estimated by engineers, generate 415,000,000 kilowatt-hours annually, and the most conserva-

tive estimates of this project show that with a saving of only 2 mills per kilowatt-hour, from \$700,000 to \$900,000 per annum would be saved to the light and power users of the District of Columbia, and that from 1930 to 1945 there would be a saving to the people of the District and near-by territory of more than \$10,000,000.

The present lighting company has been generating power at a comparatively low cost, although the cost to the consumer is somewhat higher than in many other cities in this section of the country.

But the present company must expend \$6,000,000 in equipment to take care of the estimated growth of business, which cost must enter into any future calculations on this subject.

By the most conservative estimate power can be delivered in Washington from this project at 3.75 mills, which is approximately 2 mills less than it can be generated by steam.

Small streams at the head of the Potomac are now being utilized for electric power; and subsidiary companies of the American Water Power Co., are now erecting an \$8,000,000 plant in this section; and an enormous plant costing more than \$50,000,000 has just been authorized by the Public Service Commission of Maryland on the Susquehanna River near Baltimore.

To neglect this great project, situated as it is close to the large centers of population, is not only wasteful from the standpoint of conservation of a great natural resource, but means a yearly economic loss to the people of the District; and its development will be an example to the States which would be of high value.

When it is considered that this splendid natural resource can be developed at an initial investment of not more than \$13,000,000 in its entirety, and that investment bankers, after investigation by some of the most prominent hydroelectric engineers in the country, are willing, upon favorable terms of lease, to expend one-third of this sum for the privilege of a long-term lease, and that the project can be paid for and be forever available and serviceable to the people of the Capital within a short term of years, your committee has no hesitancy in recommending that the Government proceed to the actual construction of the initial unit with the restrictions and limitations above referred to.

The estimates on this property as submitted by Major Tyler appear to your committee to be amply high to meet all the emergencies arising in the course of construction work, and a recent comparison of the estimates made in 1920 with the actual cost of construction on work now being done by the Government shows that the work can be done for less than was estimated in the original report.

The plan as submitted provides for an amortization fund covering a period of 30 years. Your committee feels that the cost of construction should be spread over a longer term of years, but this phase of the project is left to the discretion of the Federal Power Commission.

There is appended hereto and made a part of this report a letter from the Secretary of War approving the bill in its present form.

WAR DEPARTMENT,
Washington, January 16, 1925.

HON. FREDERICK N. ZIHLMAN,
House of Representatives.

MY DEAR MR. ZIHLMAN: Receipt is acknowledged of your letter of the 10th instant inclosing a copy of a substitute bill for Senate bill 746, known as the Norris bill, for the development of hydroelectric power at Great Falls.

In reply I am pleased to inform you that the proposed bill is in accordance with the views and policies of the department as expressed in the recommendations made to Congress in Senate Document No. 403, Sixty-sixth Congress, third session.

Sincerely yours,

JOHN W. WEEKS, *Secretary of War.*



DEVELOPMENT OF HYDROELECTRIC ENERGY AT GREAT FALLS

FEBRUARY 5, 1925.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed, with illustrations

Mr. BLANTON, from the Committee on the District of Columbia submitted the following

MINORITY REPORT

[To accompany S. 746]

I can not agree with the six members of the committee who voted to report this bill favorably. The amended bill and the committee report are both misleading. Neither gives a true idea of what is proposed.

This bill in no way whatever affects navigation. It does not intend to improve a navigable river. The sole and only purpose of this bill is to furnish cheaper electricity to residents of the District of Columbia.

It is not based on necessity. The private utility company is now furnishing to residents of the District of Columbia electric power and current at a rate just as cheap, if not cheaper, than residents of all comparable cities in the United States are paying. There is no threat of increasing charges. On the contrary, charges have recently been reduced. And there is actively functioning here in the District of Columbia a Public Utility Commission which lately caused the Potomac Electric Power Co. to impound \$4,000,000 and, under agreement approved by the trial court, to distribute \$2,000,000 among its patrons.

The power site at Great Falls is not in the District of Columbia. It is not owned by the Government. It is owned by the Potomac Electric Power Co. and the Great Falls Power Co., which together own 859 acres of land on one side of the river in the State of Virginia and 300 acres of land on the other side of the river in the State of Maryland. The remainder of the contiguous land involved is owned by citizens of Virginia on one side and by citizens of Maryland on the other side of the river, which river in that vicinity is the line between Virginia and Maryland.

The title of this bill, as introduced in the Senate, reads, "Providing for the development of hydroelectric energy at Great Falls" and the

bill states but one object, "the development of hydroelectric power at Great Falls."

But the Supreme Court of the United States has held:

In improving navigation, dams may be constructed which may also incidentally be used for the production of power, but the latter must be an incident to navigation. (142 U. S. 254.)

But to hide and cloak the real purpose of the bill in an attempt to bring it within the law, the committee has amended the title to read:

A bill providing for the improvement of the Potomac River and the development of hydroelectric power at Great Falls.

And the committee amended the bill by inserting the following blinds and decoys:

That the improvement of the Potomac River for the improvement of the navigable capacity thereof and for the development of hydroelectric power, in accordance with the report in Senate Document No. 403, Sixty-sixth Congress, third session, is hereby adopted.

The committee knew that the said report in Senate Document No. 403 did not concern navigation and did not contemplate any improvement for navigation, but its sole and only object was to secure electric power for residents of the District of Columbia.

The committee report says:

When it is considered that this splendid natural resource can be developed at an initial investment of not more than \$13,000,000 in its entirety, and that investment bankers, after investigation by some of the most prominent hydroelectric engineers in the country, are willing, upon favorable terms of lease, to expend one-third of this sum for the privilege of a long-term lease, and that the project can be paid for and be forever available and serviceable to the people of the Capital within a short term of years, your committee has no hesitancy in recommending that the Government proceed to the actual construction of the initial unit with the restrictions and limitations above referred to.

One would gather the impression from reading the above that the Government was spending only \$13,000,000. Nowhere in the committee report is any statement that this project is to cost at least \$44,421,000, which is conceded by the committee. And there is evidence in the hearings from expert engineers that it could cost double that enormous sum.

When the acting chairman (Mr. Zihlman) began hearings on this bill, he inserted a report thereon from the Commissioners of the District of Columbia, from which I quote:

The hydroelectric power development of the Potomac River thus recommended may be summarized as follows:

1. A dam and power-generating station at the District of Columbia line (Chain Bridge), estimated to cost-----	\$13, 600, 000
2. A dam and power-generating station at the Great Falls-----	18, 616, 000
3. Three storage reservoirs at the following locations:	
a. Great Cacapon River, W. Va., near its mouth-----	2, 340, 000
b. North Fork of the Shenandoah River at Brocks Gap, near Broadway, Va-----	3, 615, 000
c. South Branch of the Potomac River, about one-half mile upstream from its mouth, near Green Springs, W. Va.-----	6, 250, 000
Total cost (Report, p. 14)-----	44, 421, 000

The Board of Commissioners is of the opinion that the development as proposed is a well-considered one and that its completion would be of great benefit to the District of Columbia. Nothing has been noted in the bill or in the report to indicate that funds of the District of Columbia are to be utilized in the construction.

Very naturally they would report favorably on the bill, when they note that this \$44,421,000 spent on this project is to be taken out of the United States Treasury and not out of the tax funds of the residents of the District of Columbia.

I quote the following excerpts from the testimony of Civil Engineer M. O. Leighton, of New York and Washington:

Mr. ZIHLMAN. Will you please state your name and occupation?

Mr. LEIGHTON. M. O. Leighton; I am a water-power engineer.

Mr. ZIHLMAN. Located at New York?

Mr. LEIGHTON. At present, yes; although my legal domicile is in Washington, and I have lived here for 22 years and have an office in Washington. Up to May 1, 1913, I was a member of the Geological Survey, and in that capacity made two examinations of the Great Falls project, one in the nature of a semiprivate report to President Roosevelt, about 1907, and I think in 1910 and 1911 I made a report to the Secretary of the Interior at the request of the Commissioners of the District of Columbia.

I have no interest in the matter whatever, save that of a taxpayer in the District of Columbia, and represent here no one but myself. My purpose this morning is merely to be helpful, and the suggestions I shall make and the purpose which animates them do not involve any question of public versus private ownership and operation. I take it that whether the one or the other eventually be decided upon the first question to be answered is whether the Potomac River power is good now or in the future.

We can all agree, I think, that if the project is not economical it is unwise for the Government or for anyone else to develop it, and by the same token if the project be doubtful, public prudence demands that we shall settle all the doubtful points before we plunge in, and that underlies my whole thought this morning.

The bill before you has its genesis in Major Tyler's report. I think I have read all of the reports that have been made on the development of Great Falls power, and Major Tyler's is the best that I have ever read.

And after taking up the many items of cost in detail and showing where Major Tyler had made mistakes in estimates and had left out substantial items of cost, Mr. Leighton summed up the comparison as follows:

Well, you will find everything here. I do not need to go over the other items, but, in fine, as against the total estimates of Major Tyler for the entire system of \$44,721,000 I get \$57,700,000, or an increase of about 30 per cent.

If the organization to which I am attached were going to build this, they would probably add enough to that to make it around \$60,000,000 and finance it on that basis with some hope that it would come out right.

I quote further the following excerpts from Mr. Leighton's testimony:

Mr. ZIHLMAN. You spoke of your investigation of the Potomac River. Your investigation went into construction of hydroelectric development, or was the work confined largely to the flow of the river?

Mr. LEIGHTON. No; in the first place, I think it was along in 1907, President Roosevelt asked me to make a report to him personally as to whether the Great Falls could be economically developed to light the streets and the Government buildings in Washington. I advised him "No," told him why, and he said, "It would be like taking a 20-pound sledge hammer to crack an egg shell, will it not?"

Later I made an investigation at the request of the District Commission, which I think had some controversy about the cost of street lighting. They wanted to know if Great Falls could be developed to light the streets.

Mr. BLANTON. What are your initials?

Mr. LEIGHTON. M. O. Leighton.

Mr. BLANTON. What is your address?

Mr. LEIGHTON. My Washington office, National Savings and Trust Building, New York Avenue and Fifteenth Street. My New York address is 71 Broadway.

Mr. BLANTON. Mr. Leighton, have you any connection of any nature whatever with the public utilities company here in Washington?

Mr. LEIGHTON. No, sir.

Mr. BLANTON. You have lived here how long?

Mr. LEIGHTON. Twenty-two years.

Mr. BLANTON. You are familiar, of course, with the country surrounding this entire site, from Great Falls down to Chain Bridge?

Mr. LEIGHTON. Oh, yes. I have almost crawled over it on my hands and knees.

Mr. BLANTON. Your total figures are \$57,700,000 against his of \$44,421,000.

Mr. LEIGHTON. Yes; 30 per cent more.

Mr. BLANTON. You would say as an expert engineer that to be safe for your client if you were passing on this project as a feasible undertaking, you would recommend that they not undertake this for less than \$60,000,000.

Mr. LEIGHTON. I would advise financing on that basis.

Mr. BLANTON. With regard to building this project by piecemeal, beginning below the Chain Bridge first, may I ask you this as an engineer, where you would build the lower Chain Bridge dam first, expecting to construct the upper Great Falls dam afterwards, and after building the Chain Bridge dam and having the backwater up the river, that it would cause, and there should come freshets such as we had here during the last six weeks in the river, what effect would that probably have upon your cofferdams at Great Falls, where there was not sufficient outlet for the water to such an extent that it raised it almost to the flooring of some of these bridges here on the Potomac?

Mr. LEIGHTON. If I understand your question, the flood that we had three or four days ago would take out the usual type of cofferdam.

Mr. BLANTON. And would cause them to be reconstructed?

Mr. LEIGHTON. Oh, yes, sir. Of course, some men put in better cofferdams than others, and the latter have not all the virtue on their side, because it is just a question whether it is better to put a big heap of money in a cofferdam or take a little risk.

Mr. BLANTON. And usually they take some risk, do they not?

Mr. LEIGHTON. Yes; oh, yes.

Mr. BLANTON. Now, with regard to storage, much of this power is dependent, of course, upon storage, is it not?

Mr. LEIGHTON. Yes, sir.

Mr. BLANTON. Now, I notice that Major Tyler has made no allowance whatever for the filling up of the reservoirs with mud. Of course, as reservoirs fill up, it decreases the storage volume of water.

Mr. LEIGHTON. Yes, sir.

Mr. BLANTON. I appreciate, of course, the ethics of your profession that prevent you from criticizing the work of some other engineer. I appreciate that highly, but we do want the facts. Now, in regard to land values placed by Major Tyler at \$75 for farm lands, do you know of any farm lands within 20 miles of Washington that could be bought for less than \$100 an acre?

Mr. LEIGHTON. No, sir.

Mr. BLANTON. On the open market now?

Mr. LEIGHTON. No.

Mr. BLANTON. Now, with regard to estimates, I happen to have examined very closely some figures on Muscle Shoals that were furnished by Mr. Madden, the chairman of our Appropriations Committee, on original estimates. The original estimates of our engineers before there was ever an appropriation of a dollar made on Muscle Shoals was a total of \$19,500,000 for the three dams, the complete project. Later, after we made our initial appropriation and had embarked upon the proposition so we could not back off, the next estimate that came on only one dam, just the Wilson Dam 2, was \$25,000,000. And then there was a subsequent estimate of \$35,000,000 on the Wilson Dam 2, and the last estimate that was furnished Mr. Madden was \$45,000,000 on that one dam alone, so that illustrates your change of figures here.

Mr. LEIGHTON. Yes, sir.

Mr. BLANTON. And your statement that estimates are something that are very unreliable; that the best engineers fail on them.

Mr. LEIGHTON. They do.

Mr. BLANTON. There is one engineer here in Washington who belongs to your society of civil engineers. I have forgotten the name—

Mr. LEIGHTON. American Society of Civil Engineers.

Mr. BLANTON. Yes; who claims that instead of agreeing with your figures—I have his report that I expect to put in the records if I do not get him here—he claims that instead of costing \$60,000,000 that the minimum will be \$75,000,000. Could he be that far wrong? Could you have made a mistake?

Mr. LEIGHTON. I would say that \$75,000,000 is too much.

Mr. HAMMER. Mr. Leighton, you had some considerable experience in building dams, hydroelectric dams, have you not?

Mr. LEIGHTON. Quite a bit. Our organization has. I do not say any one man in our organization can claim all the experience. The organization, however, has had a very ripe experience.

Mr. HAMMER. It is in evidence here that Colonel Tyler has had much experience, but not as much as others. I want to get the facts. I do not intend to criticize you. You are a stranger to me, while you talk like a very intelligent gentleman. I want to know if you have had experience in building dams in New York or elsewhere; have you supervised and looked after the erection of water-power developments of the type of Great Falls?

Mr. LEIGHTON. Yes; our organization is at the present time building developments of that type.

Mr. HAMMER. What do you mean by your organization?

Mr. LEIGHTON. The Electric Bond and Share Co.

Mr. HAMMER. You are connected with them?

Mr. LEIGHTON. Yes.

Mr. HAMMER. And you are one of the engineers?

Mr. LEIGHTON. I am one of the boys.

Mr. HAMMER. How many engineers have you; more than one?

Mr. LEIGHTON. Oh, I think altogether we have about 1,500.

Mr. HAMMER. I misunderstood you. Is this a corporation you are speaking of?

Mr. LEIGHTON. Yes; a management and construction corporation.

Mr. HAMMER. If it has 1,500 engineers, it must be the largest in the country, then.

Mr. LEIGHTON. It is of that type. The properties that are operated and managed by that corporation supply a population of about 8,000,000 people.

Even the strongest proponents of this project admit that unless the Government can sell some of this power to Baltimore and other cities away from Washington, it would not be feasible. And when asked about possible sales, Mr. Leighton indicated that the Government couldn't compete with power sold cheaper from other sources.

Mr. LEIGHTON. If you can sell it all.

Mr. HAMMER. Why, you do not mean to say we could not sell it. Is there a place anywhere in this country where there is not a demand for nearly twice as much as can be furnished?

Mr. LEIGHTON. Yes, sir.

Mr. HAMMER. I wish you would tell me where it is.

Mr. LEIGHTON. Your Great Falls power will not compete very well with the James, Roanoke, or Susquehanna Rivers. You can not expect to sell any power in Baltimore from Great Falls, where they can develop on the Susquehanna River 1,000,000,000 kilowatt hours for \$20,000,000, when you propose to expend \$50,000,000 for 750,000,000 kilowatt hours.

Mr. HAMMER. I am asking you about these things.

Mr. LEIGHTON. That is it.

Mr. HAMMER. It has been stated here that this is the greatest natural opportunity for development of power of any place except Niagara. Of course, I know that can not be true. I think I have seen places with my own eyes which were better than that; even in my own State, I think.

Mr. LEIGHTON. Great Falls power appears enormous in times of flood. People go out there and see water going down hill, and they conclude that there must be a tremendous amount of power going to waste. Well, there is much power in flood times, but up to the present it has not been economical to develop. Whether it is now or not no one knows, because you have not collected all the information necessary to determine.

Mr. HAMMER. Nobody thinks of ever developing this without being able to make a contract with the Potomac Electric Power Co. to utilize it and work in harmony with them and furnish the power to street-car service from Great Falls.

Mr. LEIGHTON. If I were the Potomac Electric Power Co., I confess, with the present state of our knowledge, that I would be a little apprehensive that you were handing me a white elephant. That may be wrong. The great trouble is that none of us know. My impression is that it is not a feasible thing to do now, and I offer you that opinion for what it is worth.

The firm of Stone & Webster (Inc.), of Boston, Mass., is probably one of the largest construction engineering concerns in the United States. Their expert engineer, Mr. H. Leland Lowe, of Boston, Mass., testified before the committee and showed in detail the actual cost of power both by steam and by the proposed hydroelectric development, and I quote from his summary the following:

Let us use his (Major Tyler's) 6.23 cents per kilowatt-hour as the cost of hydroelectric energy, and let us add to it 0.59 mills per kilowatt-hour, which is the expense of steam power which can not be saved, due to the introduction of hydroelectric power. The cost, therefore, of hydroelectric power, including the portion of the steam-plant cost that can not be saved, is 6.82 mills per kilowatt-hour as compared with 6.15 mills per kilowatt-hour for all steam generation. Or, according to this, the hydroelectric power would cost 67 mills per kilowatt-hour more than steam power alone for coal costing \$6 per ton of 2,000 pounds.

Perhaps it would be suitable for me to make some statement of conclusions that I have reached from these figures, which is merely my personal opinion. It appears to me that this hydroelectric development would certainly not be attractive to private capital. It is true that on the basis of public credit, the fixed charges allowed by Major Tyler, it does show an advantage at the end of 15 years, but private interests would not care to absorb the losses for that 15-year period for the sake of the benefits that might come later, nor would private capital be at all interested in running the risk of making a hydroelectric development which may cost much more than estimated for the slender prospect of gain that is shown here.

Now, remember, that Stone & Webster's engineer, Mr. Lowe, said that with coal costing \$6 per ton steam generation would be 67 mills per kilowatt hour cheaper than same could be generated by the hydroelectric plant at Great Falls.

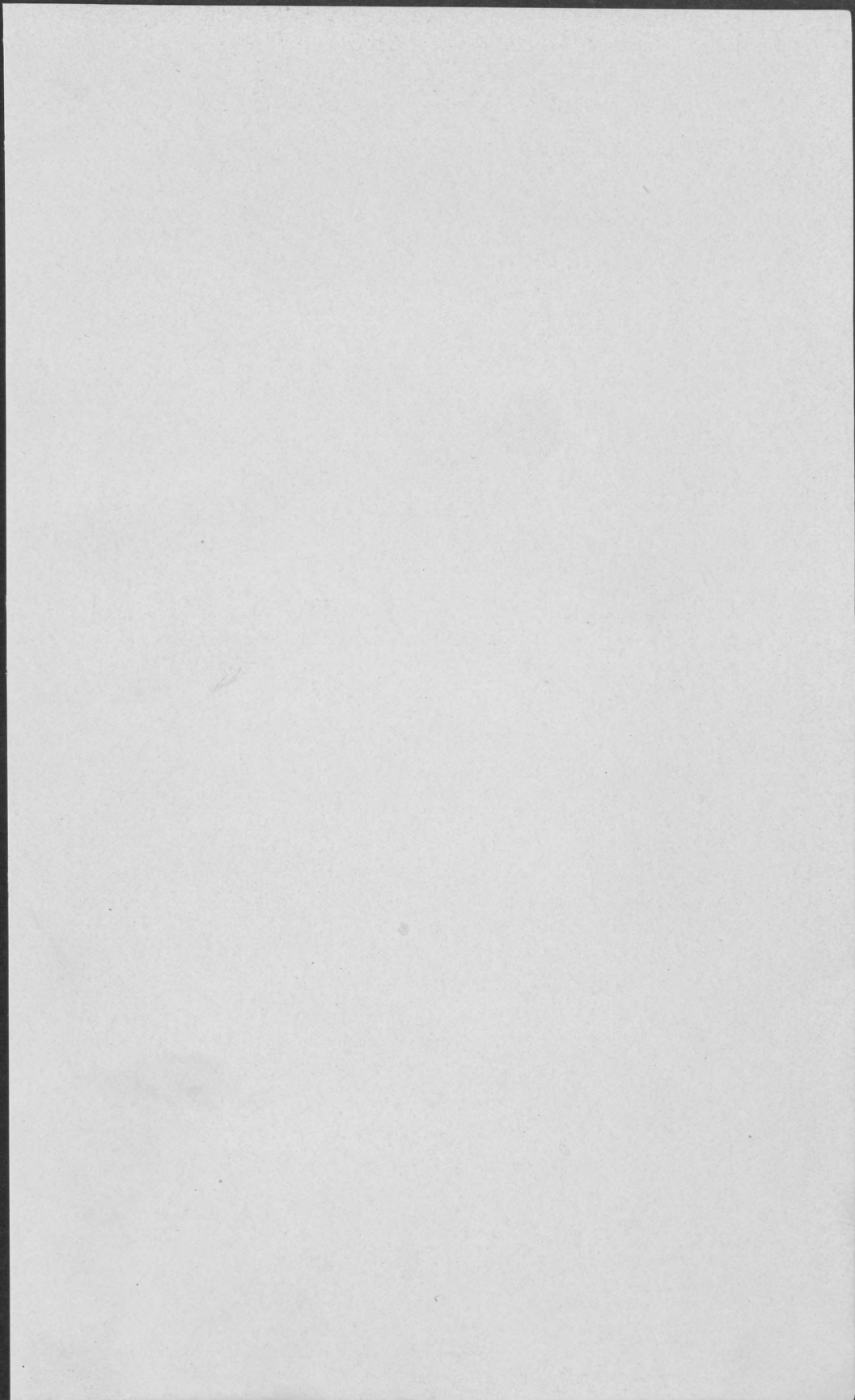
As a matter of fact coal is not now costing \$6 per ton to the Potomac Electric Power Co. Mr. W. F. Ham, president Potomac Electric Power Co., testified:

I want to show that for many years down to 1916 the price of coal was fairly uniform, running from \$3.05 to \$3.25 per ton. After that it advanced rapidly, reaching the highest point in 1921, \$7.66 per ton, dropping in 1922 to \$6.68 and slightly increasing in 1923 to \$6.85.

You will note from this statement that our actual generating cost in 1919 was 0.6888 cents. That is a little less than 7 mills.

Potomac Electric Power Co.—Cost of coal and cost per kilowatt hour generated at Benning power plant—Unit cost per annum

	Fuel	Other	Maintenance	Total	Coal per gross ton, not including switching
	Cents	Cents	Cents	Cents	
1907	0.3093	0.0739	0.0420	0.4252	\$3.05
1908	.2845	.0429	.0205	.3479	3.05
1909	.2721	.0377	.0192	.3290	3.05
1910	.2782	.0369	.0266	.3417	3.05
1911	.2767	.0359	.0387	.3513	3.05
1912	.2797	.0334	.0157	.3288	3.05
1913	.2912	.0307	.0176	.3395	3.25
1914	.3059	.0320	.0244	.3623	3.25
1915	.3002	.0309	.0269	.3580	3.25
1916	.3042	.0312	.0209	.3563	3.25
1917	.3969	.0346	.0280	.4595	3.72
1918	.5091	.0694	.1041	.6826	4.98
1919	.5540	.0696	.0652	.6888	5.61
1920	.6669	.0624	.0550	.7843	7.33
1921	.6677	.0573	.0483	.7733	7.66
1922	.5657	.0491	.0521	.6677	6.68
1923	.5892	.0475	.0452	.6819	6.85



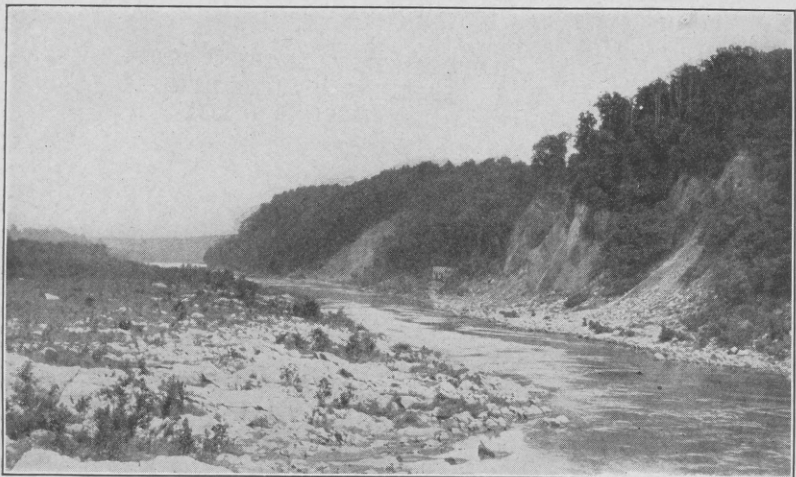


Photo of Potomac River at Chain Bridge, looking downstream, August 5, 1924.

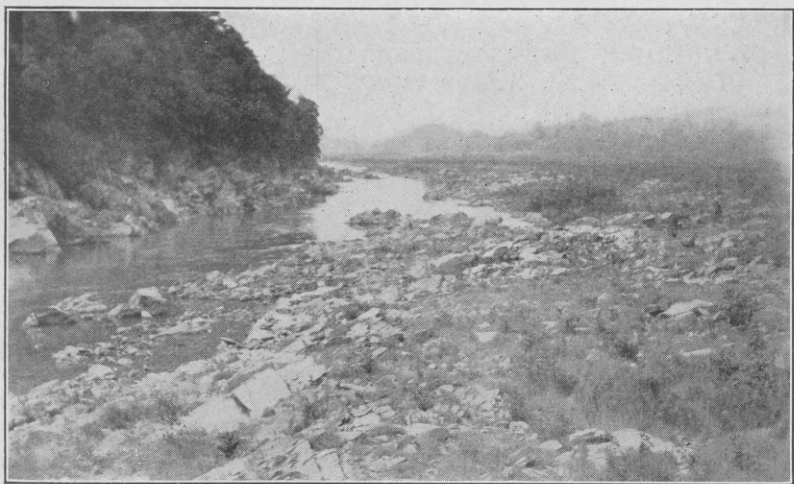


Photo of Potomac River looking upstream from Chain Bridge, August 3, 1924.

[31080—25]

If you will take substantially the present price of coal—\$5 per net ton or \$5.60 per gross ton—you will find that the saving given in the Tyler report is 5.57, whereas, according to our corrected figures, it is 4.68.

NO MARKET FOR EXCESS POWER HENCE NOT FEASIBLE

All admit that unless the excess power could be disposed of in Baltimore and other accessible cities, the project should not be built. Now note what President Ham said on this point:

As to the market for power outside of Washington, I would suggest that this be given most careful consideration. My understanding is that hydroelectric development is now being undertaken on a large scale by the American Waterworks & Electric Co., or through its subsidiaries, in Maryland, West Virginia, and Virginia, which makes it quite possible that hydroelectric power from one or more of these developments may be delivered into Washington even before the Great Falls project could be completed, and at a cost which would be comparable to the power obtained from said project.

Also I know that Baltimore is already partially supplied with hydroelectric power from the Susquehanna River and that due to its large industrial load and more favorable freight rates Baltimore can produce power by steam at a cost lower than is possible here in Washington. On account of more favorable load and more favorable freight rate, they are in position to produce power by steam cheaper than it can be produced by steam in Washington. Therefore, there would be less likelihood of our competing with steam in Baltimore than there is of their competing with steam in Washington.

I am informed that recently the Federal Power Commission granted a permit for another water-power development on the Susquehanna with an ultimate development of 360,000 horsepower, the principal market for this power undoubtedly being Baltimore.

There is no large power market out of Washington until we reach Richmond, 116 miles south, which is at present partially supplied with power from hydroelectric plants and partially from steam plants.

The cost of building transmission lines to Richmond, with a substation at that point, would, of course, amount to a large sum of money, and it is possible that the carrying costs of this line, added to the cost of power, would be too great to sell power in that city from Great Falls.

GREAT FALLS IN SUMMER TIME

Illustrating the small flow of water during the summer months, note the following kodak pictures taken from Chain Bridge in August, 1924.

ADVERSE DECISION FROM EXPERT ENGINEER

I quote from the hearings the following adverse opinion against the advisability of constructing this project made by an expert engineer:

GREAT FALLS POWER PROJECT AS PROPOSED

The Great Falls power project as outlined in the bill now pending in Congress should be rejected for many reasons, which the writer desires to summarize briefly. In general the project should be rejected because the expenditure of public funds for the production and sale of power is illegal, because the project has not been properly examined into and would commit the public to unknown expenditures, with results which are mere assumptions founded on neither facts nor carefully prepared data. Another reason for the rejection is found in the fact that this bill would place the work in the hands of a War Department bureau to execute by force account or day labor, and it has been clearly shown that such a condition results in the wasteful expenditures of public funds. In addition to these features the failure to make the detailed investigations so necessary to arriving at the feasibility of a power project makes the estimates

of plant cost and the cost of power production merely guesses, some of which are extremely wild.

As to the legality of the proposition of expending public funds for the construction of power plants and the consequent sale of power, a resolution (S. Res. 44) was adopted in the Sixty-second Congress, second session, directing the Committee on the Judiciary to report to the Senate on the power of the Government over the development and use of water power. A subcommittee on the judiciary, composed of Senators Knute Nelson, Elihu Root, and William E. Chilton, made a very exhaustive study of the proposition, making their report to the Sixty-fourth Congress, first session, this report being published as Senate Document No. 246. The report affirms the contention that the Federal Government has full rights to take such action as Congress may deem necessary to improve navigation for the benefit of commerce. In the improvement of navigation the Federal Government may install power machinery as an adjunct to such improvement and sell the power or lease such portions of the plant as are not required for the purposes of commerce (*Kaukauna Water Power Co. v. Green Bay & Mississippi Canal Co.*, 142 U. S. 254). The following paragraph, found on page 18, Senate Document No. 246, Sixty-fourth Congress, second session, sets forth the legal status quite clearly:

"Congress, as in the case of Wisconsin, Ohio, and other States, can delegate the work of improving portions of navigable rivers to States, municipalities, private corporations, and individuals, and if in connection with such improvements and as an incident thereto surplus power is created, Congress may authorize those to whom the right of improvement is delegated to lease and secure compensation for such surplus power. In such case those to whom the power of making the improvement is delegated are the agents for and stand in place of the Federal Government. But unless such work of improvement is primarily made for the purpose of improving the navigation on streams or other waters carrying interstate commerce the Federal Government could not confer the power to obtain compensation for the use of the water."

If the press reports as published this morning relative to an opinion of the Attorney General are correct, it would appear that his opinion has been one of the snapshot variety given without any real consideration of the case, such as was made by the Senate Committee on the Judiciary. This opinion is not founded on facts but on incorrect assumptions. The assumption that the development of a power project at Great Falls at the expense of the tax-paying public would contribute to the promotion of the welfare of residents of the Capital by furnishing a public utility service which modern life makes convenient and indispensable is entirely unwarranted by the facts. The expenditure of large sums from the Public Treasury would result in producing nothing more than the public already is in possession of, and it is a far-fetched assumption that power would be produced to the consumer at any lower figure than it is now furnished. The coupling of a power project with the District of Columbia water supply is also not warranted, as this project has no connection with the water supply. In other words, it appears that the opinion of the Attorney General is predicated on the mass of propaganda with which the District has been flooded for months rather than on the question of what is or is not legal. If the Attorney General had devoted every hour of his time since taking his oath of office, he could not have examined the mass of records sufficiently to be able to express a definite opinion.

Our forefathers who drew up the Constitution had suffered greatly from an autocratic government, and therefore sought to safeguard the public from the evils of such a government, and placed very definite restrictions on the acts of the Federal Government. They had been unjustly taxed for purposes in which they were not in the least concerned; therefore they stipulated just what taxes could be levied, limiting such taxation to the acquirement of funds for the running expenses of the Government. There is no provision under the Constitution for the socialization of industries and the establishment of an autocratic bureaucracy, such as some of the Government departments are so earnestly striving for—particularly the War Department.

It must be borne in mind that the Great Falls power project contemplates taxing the general public for the construction of what is clearly a questionable project for the benefit of the residents of the District of Columbia, who are already receiving perquisites at the general expense of the public, such as cheap water, a tax rate about one-third of the average rate paid by the public in different States, and many other things it is unnecessary to mention here.

It would take a great deal more than the masses of propaganda disseminated through the local papers for the past several months to convince the farmers of the Western and Southern States, who work from daylight to dark to make

both ends meet, that it is necessary for them to have additional taxes levied on them in order that a Government bureau in Washington may have forty or fifty millions of their hard-earned money to spend on a questionable power project which will benefit them in no way.

Proponents of this project may point out that only a mere bagatelle of \$45,000,000 are involved, but when this scheme is added to hundreds of others pending before Congress the aggregate runs into billions of dollars.

Almost half of the people of this country are engaged in agricultural pursuits, and these people in particular have suffered from the aftermath of the war more than any other class. There is a widespread demand for a reduction in taxation and also for means of relieving the critical situation existing in the farming districts. Government bureaus are naturally opposed to any tax reduction, for that means a curtailment of useless expenditures, such as the proposed expenditure at Great Falls, for there is nothing new in the situation in the District. The people of the country are entitled to relief from the burden of taxation, but this relief can not be accomplished if hundreds of millions of dollars are to be appropriated merely to satisfy the whims of Government departments.

In the financing of projects there is a radical difference between the financing by private concerns and by the Government. Private projects are financed by enlisting surplus capital from people who have an uninvested surplus available for such purposes; in other words, idle capital is put to work. In Government financing it does not make any difference whether or not the individual is able to pay his pro rata in taxes. If he does not have the money, he must borrow it, and he has absolutely no choice in the matter. The Government has no means of securing funds except from taxation, regardless of what form that taxation takes—the "man in the street" pays the bill. The Government bureaus which measure their importance by the amount of money they can secure and spend are not the least interested in whether or not the farmer is forced to mortgage his farm to meet his taxes in order that some of their paternalistic schemes may be authorized and money secured for spending.

There is no phase of engineering which requires higher professional skill than that of power engineering, and the ability to investigate and prepare plans for a power project is something requiring a great deal more consideration than has been given to the Great Falls project. Power at the plant means little or nothing, and the engineer who stops his consideration at the power plant stops before half his job is completed. The writer has in mind a number of projects where the distribution systems cost more than the power plants. Take the ill-advised steam power plant built at Gorgas, Ala., in connection with the Muscle Shoals nitrate plants; this power plant was constructed 89 miles from where the power was to be used, and the transmission line cost more than the plant. In the District of Columbia there is a power company working under a definite charter and which has spent large sums in providing means for distributing power. The Federal Government can not destroy this company simply to gratify the wishes of a War Department bureau. If the Government can construct and operate power plants and sell power, it can engage in the manufacture of products, it can take over shoe stores, grocery stores, and go in the general tailoring business. In fact, if the Federal Government has the powers attributed to it, there is no line of industry which it can not enter into in competition with private industry.

Another good reason why the pending bill should be rejected is because it is so prepared that the War Department under its provisions would be authorized to start expenditures on a project which is hazy in the extreme, and to attempt to carry same out on force account or by day labor, which, as previously stated, involves enormous waste of public funds. Due to this method employed by the War Department the cost of Dam No. 2 at Muscle Shoals has been at least \$15,000,000 more than it would have been had it been let to experienced contractors and handled by their experienced engineers. Engineers and contractors all over the country know full well that the execution of public work of any kind by day labor under the Federal Government is extremely expensive and wasteful. In this connection reference is made to some very pertinent facts concerning the work on the Mississippi River, quoted by Senator King (pp. 8603, 8604, and 8605, Congressional Record, May 12, 1924), relative to the waste of public funds on this work. It is certain that where a bill is so prepared by a Government bureau as to give them unlimited authority to make expenditures for which they are neither accountable nor responsible the public is going to be the loser. It must be patent to Members of Congress

that there is no section of the Federal Government which functions in an economical manner as compared with private industries. Some of the bureaus desiring to secure large sums to squander in trying to execute work for which they are fitted neither by training nor experience point out that if work is let out by private contract the contractors will make a profit out of it. True enough, but it is generally the case that twice that average profit made on a contract could be made and the work still executed at a less figure than if it is attempted by day labor under Government direction.

Inasmuch as the War Department "plan" for the Great Falls project is more of a scheme than a regular plan, it is not strange that the estimates prepared as representing the cost of the plan are hopelessly inadequate, there being little of value on which to predicate an estimate of cost. The investigation of the proposition has been too shallow to permit of a definite calculation as to the possibilities as a whole.

In connection with the estimated cost of the Great Falls project, the striking resemblance of the War Department report to the War Department's report on Muscle Shoals, published as House Document 1262, Sixty-fourth Congress, first session, is particularly noticeable, though the latter report was a bit more complete. Under this report, submitted to Congress in 1916, a detailed estimate was made showing that three dams with power equipment could be constructed at Muscle Shoals at a cost of \$19,300,000. During the World War work was started on the project under this report, without authorization from Congress, and the work continued until stopped by failure to receive further appropriations in 1921. Later on, after an immense amount of propaganda had been put out, Congress made an appropriation to continue the work. It developed after some \$17,000,000 had been spent that the cost of one dam instead of three would reach the figure of \$45,000,000 and this figure was later raised to \$50,000,000 for the one dam. It is noticeable that in a period of about seven months—after Congress had been induced to sanction the project—the estimated cost increased from \$25,000,000—Col. Lytle Brown, though the estimate was not Colonel Brown's but merely submitted by him to a congressional committee—to \$50,000,000 (Col. Hugh L. Cooper). It is also to be noted that the War Department was forced to call in a competent hydroelectric engineer, Col. Hugh L. Cooper, to redesign the project and supervise its construction. This had cost the taxpayers several hundred thousand dollars, though it was money well spent, as long as the project was to be completed.

In the War Department "report" it is noted that a little joker has been inserted in that report and also in the bill which permits the Federal Power Commission to redesign the project if found necessary. This is an evidence that the War Department feels that it is faulty. The joke of the proposition lies in specifying the Federal Power Commission as the proper unit to make the redesign or changes. The Federal Power commission is made up of a series of Government officials who know little and care less about the functions of the commission and can be nothing more than rubber stamps for the War Department or some individual. The theory of a Federal Power Commission is all right, but the agency which wrote the bill adopted by Congress desired to make the commission merely a rubber stamp; otherwise it would have been constituted as a body which would really function as a commission and whose members would be qualified to pass on problems involved. This makes no reference to the present incumbents, but to the general status of the commission which changes as Cabinets change. As it stands now the commission appears to be little more than a rubber stamp for the War Department in its paternalistic ventures with public funds.

In order to make this project look feasible, figures on the cost of power production have been submitted to the committee which are little short of being ridiculous. To arrive at a low cost of power the power produced has been figured at full peak load 365 days in the year and 24 hours a day. The average yearly load factor in areas with large industrial organizations is less than 50 per cent—a few places run fairly high, but most run low. The yearly load factor for Great Falls would hardly range greater than 35 per cent, owing to the absence of industries consuming power on a 24-hour basis. The yearly load factor is the joker when it comes to figuring costs of power. When it comes to installing a plant to produce power without considering distribution, etc., a Diesel oil-engine-driven plant could be installed complete in every respect which would generate power at a less cost than the War Department power project and at a small fraction of the cost in plant. The theory that the construction of the Great Falls project would cut the cost of power to the consumer in half is simply a piece of bunk, which can neither be supported by

facts nor figures, as the statements made in this connection have been made without any consideration of the problem of distribution.

The average person who looks at the Potomac River around Washington is inclined to feel that it is "some" river, not knowing the difference between tidal water and a flowing stream. The Potomac River is a very erratic one and a class of river which makes private interests hesitate in considering power potentialities—it is too uncertain. The minimum flow is decidedly small, and the flood stage quite large, the latter being a useless factor as regards power possibilities. In connection with the efforts made to induce Congress to authorize the starting of the proposed project, it was noted that Members of Congress were not taken to Great Falls during the lower-water period, but after the river had begun to assume an air of more importance due to fall rains. It is the several months in the year when there is little rainfall that must be used as the basis for calculation in laying out a power project. Few of the real factors in connection with a power project have been considered, and for this reason, if no other, the bill now pending should not be seriously considered. If the Public Treasury gets so jammed with surplus funds that Congress feels a pressing necessity for relieving the pressure to the extent of sinking from \$50,000,000 to \$100,000,000 in the Great Falls project, they should employ an expert hydroelectric engineer or engineers to make a real examination and report, so that a report may be had which will give a fair estimate of the situation, which is not the case with anything now before Congress or the committee. No matter how appealing propaganda may be when put out in quantities, as has been the case with Great Falls during the past several months, it has no actual value.

In general, the project has not received much real consideration; the estimates of plant cost are grossly inadequate, the estimates of cost of power (especially the figures presented to the committee) are little short of being ludicrous, and the results represented as possible have little foundation. There can be no justification in spending public funds for such a project as is now covered by the pending bill.

ADVERSE REPORT BY CHOATE, LAROCQUE & MITCHELL

When Mr. Orlando B. Willcox, of the above firm, was before the committee, I requested him to furnish data on the projects of Ontario, Cleveland, and Chippewa, which had been heralded as successful, and he furnished such data in the following letter:

[Choate, Larocque & Mitchell, 40-42 Wall Street, New York. Joseph Larocque, Clarence B. Mitchell, Orlando B. Willcox, Nelson Shipman, William R. Bayes, Clarence Van S. Mitchell. Telephone, 4358 John; Cable address, Larocque, New York]

MAY 26, 1924.

HON. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

DEAR SIR: In the matter of Senate bill 746 and H. R. 4979 for authorizing the Secretary of War to construct hydroelectric development at Great Falls on the Potomac, pursuant to your request—

1. I inclose you herewith pamphlet of National Electric Light Association on municipal ownership and the electric light and power industry which is full of valuable information.

Re Hydroelectric Commission of Ontario. See page 7 and also below in this letter:

2. The Cleveland municipal electric plant is reported to have been subject to a report by A. D. Roberts, engineer, and financial experts of the municipal research bureau in March last, filed with the Cleveland city council committee on public utilities, stating among other things that approximately \$3,000,000 is needed in the immediate future to balance up plant and bring it to operating par, actual losses instead of profits shown in the annual reports in every year, that actual losses have been sustained in every year except 1916 after correct allowances for debt charges are set up instead of the profits shown in the annual reports, that a net loss of over \$9,000 was incurred instead of the large book profit reported, that a far-reaching adjustment of municipal light and power operations is viewed as inevitable, and that bookkeeping methods have kept the city council in ignorance of the real problem.

3. Re Ontario Hydroelectric Commission:

P. G. & E. Progress in recent issues reports after study of late reports from the commission that rates for power to municipalities vary from \$13 per horsepower

year to \$117 per horsepower year; rates to rural districts vary from \$54 to \$347; that in 60 cities supplied by the commission the average revenue for lighting exceeds 7 cents per kilowatt hour, and in 40 cities exceeds 8 cents per kilowatt-hour; that the lowest cost power obtained by the commission is purchased from a private company; that the Province of Ontario gives the hydroelectric commission out of the public treasury a 50 per cent bonus on all investments in rural lines, in spite of which rates for rural service in Ontario are twice as high as those charged for similar service to rural districts in California by the Pacific Gas & Electric Co. It has been reported that the original estimates on the Chippewa development were \$10,500,000 and expenditures to date in excess of \$80,000,000, the plant not yet completed, and to the total cost there should be added about \$25,000,000 of cost of private plants and water rights made necessary to have water to operate the Chippewa plant.

It is also reported that of the total public debt of the Province of Ontario something more than \$200,000,000, a very large percentage, stated to be 80 per cent, is indebtedness incurred by or on behalf of the hydroelectric commission.

4. See an article entitled "The blight of government in business," by George E. Roberts, in the Nation's Business for December last.

Very truly yours,

ORLANDO B. WILLCOX.

PRESENT SYSTEM IN WASHINGTON CHEAPEST

Thus you will note that in 60 cities supplied by the Ontario project the average revenue for lighting exceeds 7 cents per kilowatt-hour, and in 40 cities it exceeds 8 cents per kilowatt-hour, while Stone & Webster's expert engineer, Mr. Lowe, demonstrated before the committee that with coal at \$6 per ton the cost of steam generation in Washington would be only 6 cents and 5 mills per kilowatt-hour, and President Ham testified that at this time they are paying only \$5.50 per ton for their coal under contract, which brings their cost of steam generation down still cheaper.

FLOOD REPORT ON ONTARIO PROJECT

Mr. Henry Flood, jr., formerly secretary-engineer of the United States Government's superpower organization, in his report on the Ontario project, says:

After a careful analysis of the governmentally owned, controlled, and operated electric utility structure as represented in the Hydroelectric Power Commission of Ontario, I am of the opinion, firstly, that the principles of its application can find no place in the United States; secondly, that to attempt the substitution of its principles of control and operation within the States would be to strike a blow at economic structures, the present existence of which are not only far better equipped to protect the public interests in their conjunctive relation with the public service commissions of the States regulating their rates, but it would also be to strike an equal blow at the shareholders of the electric utilities which are now serving the American public; and, thirdly, that the hydroelectric power commission owes its being only to the fact that a public service commission on the order of those operating in the States was not in existence in the Province of Ontario at the time of its creation.

GENERAL BLACK

Gen. William Murray Black testified that he graduated from the United States Military Academy at West Point; that in March, 1916, he was made Chief of Engineers of the United States Army. that on October 31, 1919, as a major general, he retired from service, and is now engaged in private business in Washington, D. C., as a consulting engineer, and is a member of the firm of Black,

McKenny & Stewart, engineers, with offices at 1653 Pennsylvania Avenue NW. I quote the following excerpts from his testimony:

Mr. BLANTON. Now, I understand that you are employed by the chamber of commerce here—

General BLACK (interposing). Oh, no; I am not employed.

Mr. BLANTON. What I meant was by some local organization to check up the figures of Major Tyler.

General BLACK. Oh, no, sir; as a citizen of the District of Columbia I want to do my share of civic work, so our firm is a member of the chamber of commerce, and as a member of the chamber of commerce we were put on this committee and I was made chairman of the subcommittee.

Mr. BLANTON. Of your own knowledge do you know of any such power that has been sold by the United States?

General BLACK. I do not recall any now.

Mr. BLANTON. Well, with regard to the present cost of the power of the company here, I understood you to say that you had estimated the cost for 1923 at 7.14 mills?

General BLACK. No, sir; that is the switchboard cost of production, yes, sir; without any overhead charges at all, without any charges for the financing.

Mr. BLANTON. Now, the president of this company day before yesterday testified here before the committee that with present prices of coal, his cost was figured at something over 5 mills—I have forgotten the exact amount—taking into consideration their present contract for coal.

General BLACK. Well, that is possible. I do not know. I know that Major Tyler himself states that the cost of electricity by hydroelectric power from his project is economic for all time when the coal is \$5.50 a ton and over.

Mr. BLANTON. Well, that is \$5.43, I believe it was.

Mr. HAM. \$5.41.

Mr. BLANTON. \$5.41 is what they are paying now for this year's coal.

General BLACK. Then they may be able to do it. But you must remember in that connection that this \$5.41 is not what the people have to pay.

Mr. BLANTON. And you also in that connection spoke of the fact—to use your own words, and I will attempt to quote them—that you would deem this profitable for the United States while it would be unprofitable to private enterprise?

General BLACK. Yes, sir.

Mr. BLANTON. And you mentioned that that was because of one fact alone, and that is that the United States could get its money at from $4\frac{1}{2}$ per cent to 5 per cent interest and it would cost a private enterprise about 8 per cent?

General BLACK. Yes, sir.

Mr. BLANTON. Now, on the Pacific coast you mentioned that the hydroelectric plants out there now were operating and offering electricity and power for sale at 3 mills?

General BLACK. Around that, so I am informed.

Mr. BLANTON. Now, their private plants and private enterprises have been built and constructed with private money, with no help from the Government.

General BLACK. Yes, sir.

Mr. BLANTON. If they can do that on the Pacific coast, why can not they do it on the Atlantic coast?

General BLACK. The difference of the cost of coal. It all hinges back on the relative cost of production of power by water and by coal.

Mr. BLANTON. Now, is not coal cheaper in the East than it is in the West?

General BLACK. Oh, yes, sir.

Mr. BLANTON. Well, coal is cheaper in the East than it is in the West, is it not?

General BLACK. Oh, yes, sir. They have not any coal on the Pacific coast, any good quality of coal, except in Alaska, and those mines have not been developed.

Mr. BLANTON. Your idea was to string them out over a series of years, building the Chain Bridge Dam first, the reservoirs second, and the Great Falls project third. That was a matter of distributing the appropriations through Congress?

General BLACK. Yes, sir.

Mr. BLANTON. You think it would be easier to get appropriations through Congress in that way?

General BLACK. Well, I think Congress could afford to make appropriations in that way. We have not any too much money in the Treasury. I have had

a good many years' experience with public works of that kind. I think my first appearance before a committee of Congress was in 1881 and I have been coming here ever since, until I was retired.

Mr. BLANTON. I agree with you that that is the way, the usual *modus operandi*. General BLACK. Well, it has to be done so. Congress can not do it. Now, you know yourself that it is utterly impossible, although Congress knows that there are some public works in our country that are much more important than others. You know that under the demands of our country itself, it is impossible to concentrate an appropriation in any one place. It must be distributed. That is unquestionably so.

Mr. BLANTON. You remember what the distinguished Member from Illinois, one of the greatest we have ever had here, Mr. Jim Mann, said about the initial appropriation for this particular project?

General BLACK. No, sir; I do not remember it.

Mr. BLANTON. He said the nose of the camel had gotten under the tent and he was afraid that the balance was going to have to come.

General BLACK. Well, probably it would. That is what you would expect. But you can always raise your tent and let the nose come in under a little farther.

Mr. BLANTON. That is the method in the departments.

General BLACK. Well, you can not help it under our form of government.

POTOMAC ELECTRIC POWER CO. PERFECTLY WILLING

Mr. BLANTON. There is just one other question. I understood that you had talked over this proposition with some of the directors of the utility company here?

General BLACK. Yes, sir.

Mr. BLANTON. And this is not obnoxious to them?

General BLACK. I will not quote any words, but one gentleman who is prominent here said that if this could go through as now projected, "I can not see any objection to it, but I do not know what in the wide world Congress is going to do with it." Now, that is very frank.

Mr. BLANTON. But they are not objecting to it?

General BLACK. No, sir. He told me that he was not, if properly safeguarded. Now, he would not want to be compelled to buy this power, no matter at what price. He has not any objection to buying the power if he can buy it cheaper than they can produce it.

Mr. BLANTON. They know that no one else on earth, even including the Government, from a competitive business standpoint, could compete with them, they having their distribution system in existence?

General BLACK. Yes, sir.

Mr. BLANTON. So they are sitting back in an easy-chair watching proceedings?

General BLACK. I do not think I would call it that. I think they are very anxious about it, because you know, sir, as well as I, that there is not the very greatest confidence in what Congress will do throughout the country.

Mr. BLANTON. I wish there was more.

General BLACK. I do not make that remark in any disrespect, but there are a good many people anxious because they do not know which way the cat is going to jump.

Mr. BLANTON. I think it is just such measures as this that cause people to be of that impression of mind.

ADVERSE OPINION FROM AN EXPERT ENGINEER

[J. Edward Cassidy, M. Am. Soc. C. E., consulting engineer, 817 Fourteenth Street NW., Washington, D. C. Power developments]

DECEMBER 13, 1924.

HON. THOMAS L. BLANTON, M. C.,

House of Representatives, Washington, D. C.

DEAR SIR: The Great Falls power project reported on favorably yesterday by the District subcommittee shows clearly that when it comes to socialistic ventures this country can outdo Russia. The Great Falls "scheme," hatched in the War Department solely as an excuse to secure large sums of money to spend, is in direct contravention to the Constitution in many ways, the Federal Government being absolutely without authority to engage in such a venture.

It proposes to seize private property under the process of condemnation and this property is to be turned over to certain individuals or group of individuals for their pecuniary advantage and to tax the general public for the benefit of such individuals. This is the sort of stuff which breeds anarchy and revolution. If the public can be plundered in this instance merely because the War Department demands it, then there is no limit to the extent to which it can be done.

One of the most amazing pieces of audacity the writer has observed in many years of congressional observation was the appearance before the subcommittee of an attorney for a stock-selling concern who begged the committee to sandbag the public taxpayer into paying for a project he well knows his own interests would not sink a dollar in. He was very frank about the proposition showing that after the public had been sandbagged for \$45,000,000 to \$70,000,000 his company desired the proposition to be turned over to it for their gain. If this is good enough to unload on the public why does not E. H. Rollins & Co. get busy and float a company for the exploitation of this wonderful(?) project as an excellent investment. It does not need a soothsayer to find out why they do not do this, and one of the main reasons is that the public would not "bite" on any such a half-baked scheme as is covered by the War Department report. If a project is not a good thing for private capital, it is not a good proposition to saddle on the taxpayer, and when a concern such as Rollins & Co. plead for a \$45,000,000 to \$70,000,000 subsidy to make a proposition look good to them, it is certainly pretty rotten. To listen to the propagandists, the man in the street would figure that the development of hydroelectric power is entirely dependent on Federal Government appropriations. Millions of horsepower have been developed in such operations and millions more are in the process of development. If a project has any merit, there is plenty of capital to put it through. When projects have little merit and are not sound, the usual method seems to be to get some political ring and the "pork-barrel section" of the War Department busy concocting a scheme to unload them on the shoulders of the taxpayer who has no say in the matter.

Conservation of coal is one of the greatest pieces of bunk put out in the propagandist "sob stories" for this and other doubtful projects. This has been so consistently harped on that the writer made a request of the United States Geological Survey to furnish a statement as to the life of the coal supply available in this country. The writer was advised by the Director of the Geological Survey that on the basis of the present rate of consumption the coal supply would last for 57,000 years. The taxpayer is more interested right now in getting his tax burden lessened than he is in figuring out what his successors will be doing to solve the fuel problem some 50,000 years hence.

The Rollins & Co. scheme of taxing the public to build this doubtful project so that their company or some other may reap any benefit to be derived after paying 4 per cent interest does not contemplate looking behind the scenes to see where the money comes from that is to go into the project. This money comes from the "man in the street"—the small taxpayer—and as more than 40 per cent of the population are engaged in agricultural pursuits, a large proportion of the tax will come from the farmer who not only often has to borrow money at rates ranging from 6 to 10 per cent to pay his taxes or by mortgaging his property to pay them. Does he get his money to pay taxes at 4 per cent? Not on your life; if a farmer was offered money at 4 per cent he would probably drop dead from heart failure. The War Department, where more "pork barrel" schemes originate than in almost any other Government department, is not interested in the troubles of the taxpayer—it is interested only in concocting schemes for spending money. The taxpayer has been sand bagged by rotten legislation in the past seven years until he is dizzy, and it is about time that Congress shuts down on authorizing these wild schemes.

There is no greater an enthusiast for the normal development of water power than the writer, but it must be done in an orderly way, and not through a fraud practiced on the public. The Muscle Shoals "cheap fertilizer for the farmer" smoke screen has been largely dispelled during the past few days and the country, which was fed up on propaganda stating that the fertilizer bill of the farmer would be cut in half as soon as the Muscle Shoals project was finished, is now learning that this was merely "bunk." The Great Falls power project was hatched in the same incubator as the "cheap fertilizer for the farmer" slogan.

I do not believe there is a single individual who has appeared before the congressional committees in support of the Great Falls project who would be willing to risk a single dollar of his personal funds in the project now pending. Risking

your own money in a half-baked project is quite different from "shooting the moon" with funds filched from the taxpayers.

If the Federal Government can throw aside the Constitution which purports to protect the rights of the individual as regards his property as well as the sovereign rights of individual States so that the individual may be deprived of his property in order that a special class of group of citizens may enrich themselves, then there is no phase of private industry which is safe, and the Constitution must be considered as a "scrap of paper" when it is balanced against "pork."

Whenever the Federal Government has attempted to engage in business or industry, it has made a hopeless failure. If the propaganda with which the country is now being flooded is correct, the billion dollars of taxpayers' money being spent every three years by the Navy Department has produced nothing but a bunch of junk. Three and a half billions of dollars have been sunk by the Federal Government in experimenting with a merchant marine with practically nothing to show for it other than a large increase in Federal employees. Two billion dollars have been spent on aeroplanes in the past seven years without getting anywhere. There is a \$200,000,000 "white elephant" at Muscle Shoals waiting for some one to give it a home. Hundreds of millions of dollars have been spent by the War Department on useless river projects which had no significance other than "politics and pork." With these records of inefficiency and incompetency to deal with business and industrial propositions, it would seem to be about time for Congress to take a look behind the smoke screens.

Common honesty has been nowhere apparent in this Great Falls power scheme. Its first appearance was "shady" to say the least. The so-called "Tyler report" was printed and kept under cover on its first appearance in the Capitol until the House had passed the Army appropriation bill, the bill had been reported out by the Senate committee and discussion on the bill completed. At this psychological moment just before the passage of the bill was moved, the sponsor for the "scheme" arose and introduced the proposition as a rider on the appropriation bill and "sprung" the Tyler report. This was done with 16 Senators in the Senate Chamber, and was aided by one of the "without objection, it is so ordered" affairs rather too common for public good. The deal was a little too raw for the chairman of the House Appropriations Committee to let through, so on his insistence the rider went out in conference. This deal was timed so as to preclude any consideration of the matter and to sneak over a congressional authorization for the project when few were looking. The Congressional Record will show how this deal went out.

There is a certain power potentiality in the Potomac River just as there is a certain power potentiality in a spring branch, but it bears little resemblance to the War Department "scheme" which has received little actual consideration so far as the vital factors of a power project are concerned. Only experienced power engineers can deal with these vital factors and it does not seem that any such have been in on this "project".

In matters involving finances, it is certain that a project or projects in which private capital can not be enlisted, is a good thing for the Federal Government to keep out of, and it is certain that the Great Falls power project is one on which the public would not "bite" as a good investment.

Yours truly,

J. EDWARD CASSIDY,
Member, American Society Civil Engineers

ITS COAL NOW COSTS COMPANY \$5.41 PER TON

In order that there may be no misunderstanding as to what its coal is now costing the Potomac Electric Power Co., I quote from the hearings the following:

Mr. HAMMER. Coal now is about \$5.40, I think, delivered in Washington.

Mr. MARTIN. Probably so.

Mr. HAMMER. I believe that is the figure—\$5.41—that was mentioned here the other day; is that correct, Mr. Ham?

Mr. HAM. Yes, sir.

EXCERPTS FROM TESTIMONY OF W. F. HAM

I quote from the hearings the following excerpts:

STATEMENT OF W. F. HAM, PRESIDENT POTOMAC ELECTRIC POWER CO.,
WASHINGTON, D. C.

Mr. HAM. At the time the recess was taken at the former hearing I had just completed a brief description of the property of the Potomac Electric Power Co., and in furtherance of that I would like to file an exhibit, to be read into the record, showing the value of the property of the Potomac Electric Power Co. upon two different bases.

Potomac Electric Power Co.—Reproduction cost of property based upon findings of Public Utilities Commission of District of Columbia

	July 1, 1914, per Public Utilities Commission (after distribu- tion of general costs)	Additions, July 1, 1914, to Dec. 31, 1923 (after distribution of general costs)	Total, Dec. 31, 1923 (after dis- tribution of general costs)
Land.....	\$452,468.00	\$128,603.83	\$581,071.83
General structures.....	127,683.16	284,082.61	411,765.77
Power-plant buildings and equipment.....	2,732,068.12	3,442,757.48	6,174,825.60
Substation buildings and equipment.....	1,468,178.45	1,724,713.49	3,192,891.94
Transmission and distribution.....	6,407,184.57	5,293,063.27	11,700,277.84
General equipment.....	125,978.40	181,624.78	307,603.18
Materials and supplies.....	128,893.08	448,939.43	577,832.51
Working capital.....	135,000.00	263,557.99	398,557.99
Total.....	11,577,453.78	11,767,372.88	23,344,826.66

Reproduction cost of property as claimed by company

	July 1, 1916 (after distribution of general costs)	Additions, July 1, 1916, to Dec. 31, 1923 (after distribution of general costs)	Total, Dec. 31, 1923 (after distribu- tion of general costs)
Land.....	\$830,967.44	\$128,570.10	\$959,537.54
General structures.....	237,353.35	238,142.38	475,495.73
Power-plant buildings and equipment.....	3,940,661.92	3,390,418.84	7,331,080.76
Substation buildings and equipment.....	1,867,560.93	1,654,440.98	3,522,001.91
Transmission and distribution.....	8,560,151.25	4,865,201.70	13,425,352.95
General equipment.....	147,888.14	172,923.12	320,816.26
Materials and supplies.....	172,084.89	448,939.43	621,024.32
Working capital.....	378,396.71	263,557.99	641,954.70
Subtotal.....	16,135,064.63	11,162,199.54	27,297,264.17
General overhead and other items:			
Property rights in easements.....	2,500,000.00	-----	2,500,000.00
Development cost.....	2,115,323.00	-----	2,115,323.00
Preliminary operation.....	50,000.00	-----	50,000.00
Financing.....	60,000.00	-----	60,000.00
Compensation to conceivers.....	650,000.00	-----	650,000.00
Preorganization expense.....	25,000.00	-----	25,000.00
Brokerage and commissions.....	700,000.00	-----	700,000.00
Great Falls water-power site.....	1,000,000.00	-----	1,000,000.00
Total.....	23,235,387.63	11,162,199.54	34,397,587.17

Mr. BLANTON. The usual electric-light bill for the ordinary family in Wash-
ington runs about \$3?

Mr. HAM. I think probably that is high for the average.

Mr. BLANTON. Then, if I understand you, if we expend \$44,000,000 up here and get the power and have a friendly agreement with you to use it through your distribution plant and everything is perfectly harmonious the families here will benefit only about 4 cents on their monthly bill?

Mr. HAM. That is correct.

Mr. BLANTON. That is just about one-half of one street-car token?

Mr. HAM. Yes; it is just one-half of one token in every 50.

Mr. BLANTON. You spoke of Major Tyler's report having an error of about 30 per cent as to your cost of operation?

Mr. HAM. Yes, sir.

Mr. BLANTON. If Major Tyler's project is based upon economies to be effected and he made a mistake to start with of 30 per cent on your cost of operation, we would have to deduct 30 per cent from the availability of his project, would we not?

Mr. HAM. I would feel that you ought to study into the accuracy of our figures; but it is apparent that if he has gone on a false assumption as to steam costs, that same error must necessarily be throughout his report in comparing the economies of the hydroelectric development with the steam production.

Mr. BLANTON. Your expense now you fix at \$0.539?

Mr. HAM. Yes.

Mr. BLANTON. Then you do admit that the people are interested in the economies of your company?

Mr. HAM. Absolutely.

Mr. BLANTON. In other words, they are entitled to have an economical administration of the affairs of all public utilities?

Mr. HAM. Yes, sir.

Mr. BLANTON. Would you mind stating how many salaries the Potomac Electric Power Co. pays in excess of \$5,000?

Mr. HAM. I would be very glad to insert the figures in the record. They are on file with Congress.

Mr. BLANTON. Will you do that, please?

Mr. HAM. I will be glad to.

Mr. BLANTON. What is the highest salary the Potomac Electric Power Co. pays?

Mr. HAM. \$15,000.

Mr. BLANTON. That is to the president?

Mr. HAM. Yes.

Mr. BLANTON. What is the highest salary that the Washington Railway & Electric Co. pays?

Mr. HAM. \$10,000 to the same president.

Mr. BLANTON. Then the two companies pay \$25,000 to one man?

Mr. HAM. Yes, sir.

Mr. BLANTON. And the two companies are really owned by one company?

Mr. HAM. Yes.

Mr. BLANTON. Same stockholders?

Mr. HAM. All the stock of the Potomac Electric Power Co. is owned by the Washington Railway & Electric Co.

Mr. BLANTON. How many subsidiary companies are there that are owned by these two companies or either of them?

Mr. HAM. Eight or ten.

Mr. BLANTON. Are you the president of all of them?

Mr. HAM. Yes.

Mr. BLANTON. You are president of 8 or 10 subsidiary companies?

Mr. HAM. Yes.

Mr. BLANTON. What salary do they pay their president?

Mr. HAM. Those salaries that I have given you are the total. When I spoke of the Washington Railway & Electric Co., I had reference to these other companies, except the Potomac Electric Power Co.

Mr. BLANTON. Then they pay out no official salaries, these subsidiary companies?

Mr. HAM. They are included in the figure I gave you. We have a very economical organization. It may be that this report—

Mr. BLANTON (interposing). I would rather have the 1924 figures.

Mr. HAM. Suppose I have that inserted in the record. You want both companies?

DEVELOPMENT OF HYDROELECTRIC ENERGY AT GREAT FALLS 19

Washington Railway & Electric Co.'s system—Annual salaries in excess of \$5,000

	Paid by Potomac Electric Power Co.	Paid by Washing- ton Rail- way & Electric Co.	Total
President.....	\$15,000.00	\$10,000.00	\$25,000.00
General superintendent Potomac Electric Power Co.....	13,500.00		13,500.00
Superintendent railways.....		8,500.00	8,500.00
Vice president and counsel.....	6,500.00	5,500.00	12,000.00
Comptroller.....	4,250.00	3,250.00	7,500.00
Manager, commercial department, Potomac Electric Power Co.....	7,000.00		7,000.00
Secretary.....	3,000.00	3,000.00	6,000.00
Attorney.....	3,000.00	3,000.00	6,000.00
Do.....	1,500.00	4,500.00	6,000.00
Treasurer.....	3,000.00	2,500.00	5,500.00
Engineer of way.....		5,500.00	5,500.00

Mr. BLANTON. This is a project you have had in mind for some time?

Mr. HAM. Yes, sir.

Mr. BLANTON. You were present when General Black stated that he had conferred with various officials of your organization and he knew or could state that this project was agreeable to your organization? That is a fact?

Mr. HAM. I do not think that he intended to put it that way. As I understand the facts, so far as I know them, General Black called upon one of our directors.

Mr. BLANTON. But you are not antagonistic to this project?

Mr. HAM. No; but the company has never done anything which would warrant General Black in arriving at that conclusion. He had a conversation with one of 15 directors.

SAVING OF ONLY 4 CENTS PER MONTH TO EACH FAMILY

The uncontroverted evidence in the hearings before the committee shows that even if this project could be built with the \$44,421,000 of public money proposed in the bill, it would be a saving of only 4 cents per month to each family living in the District of Columbia. And to save each family living here 4 cents per month we are proposing to spend from \$45,000,000 to \$75,000,000 of the public money of the taxpayers of America out of the Federal Treasury. Such a proposal is ridiculous.

PET SCHEME OF TWO COLLEAGUES

This is the pet scheme of our two colleagues, the distinguished gentleman from Virginia (Mr. Moore), whose district lies contiguous to the Potomac River on the west side of this project and whose constituents would be specially benefited, and the distinguished gentleman from Maryland (Mr. Zihlman), whose Maryland friends live on the east side of the river contiguous to the project, and who would likewise be specially benefited.

Notwithstanding that I had been to Great Falls many times in my car, these two colleagues, the gentleman from Virginia and the gentleman from Maryland, arranged a special trip to this project site, and got our subcommittee to accompany them up to the project site to demonstrate to us that same should be built. All on earth that we did was to visit the site and spend a short time looking at it, and then return, learning absolutely nothing in addition to that which one would naturally learn on a first visit there. But that afternoon the

newspapers of Washington carried a large picture of our subcommittee, and heralded that the entire membership, with the one exception of myself, were in favor of constructing this project.

NO OBJECTION TO THE PEOPLE OF WASHINGTON BUILDING IT

If the committee would let the necessary funds come out of the revenues of the District of Columbia I would have no objections whatever to the people of Washington constructing this project. But why should it be built with Government funds? Why should the already overburdened taxpayers of the United States be forced to spend from \$45,000,000 to \$75,000,000 of their money to furnish cheaper lights to Washington people, and thereby save each family in the District of Columbia 4 cents per month? There are numerous wealthy people living in Washington, owning big properties here, who have no connection whatever with the Government. They live here to take advantage of this beautiful city and to enjoy the cheap taxes prevailing here. Why should they not pay part of this expense?

PRESENT TAX RATE ONLY \$1.40 ON THE \$100

The tax rate on intangibles now prevailing in the District of Columbia is only five-tenths of 1 per cent. Until recently it was only three-tenths of 1 per cent. Each family here is allowed \$1,000 personal property free and exempt of all taxes. And the present rate of taxes here in the District of Columbia on real and personal property is only \$1.40 on the \$100, assessed at from one-half to two-thirds valuation. Until last year it was only \$1.20 on the \$100. The reason for such a low tax rate is because the overburdened taxpayers of the United States, back in the 48 States from which we Congressmen hail, are required to pay all of the balance of the expenses of the people of the District of Columbia out of the Federal Treasury. And until 1922 these taxpayers of the United States paid 50 per cent of all the civic expenses of Washington out of the Federal Treasury.

MAKING WASHINGTON BEAUTIFUL DOES NOT MEAN EXEMPTING PEOPLE HERE FROM TAXES

I want to say this to you: I am for making Washington the most beautiful city in the world. I am for taking every million dollars out of the Treasury of the United States for the Government to spend to do it that is justly needed, but I am not willing to continue taxing the already tax-burdened people of this country, who have to pay their own large taxes at home, to pay the civic expenses here and then let these specially favored, petted, pampered, selfish, spoiled people in Washington pay only \$1.40 on the hundred and enjoy all the benefits of this great city at the expense of our constituents back home.

Take this magnificent \$6,000,000 Congressional Library that would cost at least \$15,000,000 now—is not it enjoyed by every citizen in the District? Take the magnificent Smithsonian Institution, the magnificent museums here, the art gallery, the magnificent parks, the magnificent playgrounds. Are not the people of the District of Columbia getting the benefit? And yet they want to

tax the Government of the United States more than \$9,000,000 a year, which the Cramton amendment offers them for the very property that they enjoy hourly here in this District.

THE OLD SLOGAN HAS WORN THREADBARE

Whenever a Member of Congress seeks to change the unjust system of allowing the people of Washington to pay the ridiculous tax rate of only \$1.40 on the \$100, the newspapers and citizens' associations immediately resort to their old battle cry—

That Washington is the Nation's Capital and must be made the most beautiful city in the world; that the Government should pay a big part of the local city expenses because it owns so much property here.

Washington is the Nation's Capital and should be made the most beautiful city in the world, and I will go just as far as any other man through all legitimate and proper means to make it the most beautiful city in the world. Before the Government built all of its fine institutions here Washington was a mere village. Property here was of little value. It is because of the fact that the United States has spent its millions here that has caused some lots to jump in value from \$100 to \$100,000. Every piece of property owned by the Government in Washington is daily enjoyed by the people of Washington.

The local pay roll of the Government is a bonanza to the merchants and business enterprises of Washington. The Government pays its nearly 100,000 employees in Washington their wages promptly every two weeks in new money that has never been spent before. Chicago, or any other big city in the United States, would gladly exempt the Government from paying all taxes on its property to get it to move its Capital to such city.

Because we want to make it the most beautiful city in the world is no reason why the Government should pay for building million-dollar school buildings and employing 2,500 teachers and buying the schoolbooks for the 70,000 school children of the thousands of families living in Washington who have no connection whatever with the Government except to bleed it on all occasions and to grow rich on the Government pay rolls expended here.

Because we want to make Washington the most beautiful city in the world is no reason why the Government should pay for the army of garbage gatherers, the army of ash gatherers, the army of trash gatherers, the army of street cleaners and sprinklers, the army of tree pruners and sprayers, and the street-lighting system for the several hundred miles of private residences owned by rich tax dodgers who have no connection whatever with the Government; nor is it any reason why the Government should pay for their water system, their sewer system, their police protection, their fire protection, for playgrounds for their children, for parks for their enjoyment, for their municipal golf grounds, for their numerous public tennis courts, for their bathing beaches, for their skating ponds, for their cricket grounds, for their baseball and football grounds, for their horseback-riding paths, for paving the streets in front of their residences and maintaining and keeping them in repair, for building their million-dollar bridges, furnishing million-and-a-half-dollar market houses, their municipal trial and appellate courts, their jails and houses of

correction, their municipal hospitals, asylums for their insane, special asylum schools for their deaf and dumb, asylums for their orphans, a university for their 110,000 colored people, their municipal libraries, their municipal community-center facilities, salaries of all their municipal officers, employees, buildings, furnishings, equipments, sanitary and health departments, and the hundreds of other things that all other cities of the United States must furnish and pay for themselves, but a very substantial part of which the people of Washington have been getting out of the Federal Treasury for years.

The magnificent Capitol and its beautiful grounds are daily enjoyed by Washington people. The Congressional Library, which cost \$6,032,124, in addition to the sum of \$585,000 paid for its grounds, and for the upkeep of which Congress annually spends a large sum of money, is daily enjoyed by the people of Washington. The Government furnished and maintains the magnificent Botanic Garden here for the pleasure and enjoyment of Washington people. The Government furnished and maintains the wonderful Zoo Park with all of its interesting animals for the instruction and amusement of Washington children. The Government furnished and maintains the extensive and most beautiful Rock Creek Park, with its picturesque picnic grounds, its miles of wonderful boulevards, its incomparable scenery, all for the pleasure of Washington people. Congress has spent millions of dollars reclaiming and purchasing the lands now embraced in the Potomac Parks and Speedway, daily used and enjoyed by Washington people. The Government has spent several million dollars building the various bridges spanning the Potomac River and huge sums for the bridges spanning the Anacostia River, and spent \$1,000,000 building the beautiful "million-dollar bridge" on Connecticut Avenue. The Government has spent millions of dollars on the Lincoln Memorial, grounds, and reflecting pool, the Washington Monument Grounds, Lincoln Park, on East Capitol Street, and the numerous beautiful little parks scattered all over the city, all for the pleasure and benefit of Washington people.

In the debate the other day on the floor of the House, when the so-called \$4,438,000 alleged surplus bill was up, the gentleman from Colorado, Mr. Hardy, admitted that the Government had spent \$190,000,000 out of the Federal Treasury for civic matters here in Washington. I have been fighting this unjust low tax rate ever since I came to Washington. We have succeeded in getting it changed from the old 50-50 plan of Government contribution to 60-40, and then further reduced to a \$9,000,000 lump-sum contribution by the Government annually, and I shall not stop until a just and reasonable tax rate is fixed here.

Let me again mention that in October, 1923, when the tax rate here was \$1.20 per \$100, I wrote to the mayor of every city of any size in the United States and asked them to advise us of their local tax rate, of the charges for water, sewer, paving, etc., and what rate, in their judgment, they thought Washington people should pay as a minimum. I want to insert just a few in this report. The consensus of opinion was that the rate here should be at least \$2.50 per \$100, and there was a large per cent who were in favor of it being much higher, and the rates for taxation ranged from \$2.75 to over \$6.50, and in all these cities the people were charged more for water, sewer, and paving.

Let me again quote a few excerpts from the letter sent me by the mayor of the city of Peoria, Ill.:

[City of Peoria, Ill., mayor's office. Edward N. Woodruff, mayor]

NOVEMBER 1, 1923.

HON. THOMAS L. BLANTON,
Representative, Washington, D. C.

DEAR SIR: Answering your questionnaire of October 15, concerning relative tax rates of the cities of Washington and Peoria:

The tax rates on each \$100 taxable valuation levied against the real and personal property of the citizens of Peoria for the year 1922 is itemized as follows:

City corporate tax, including library, tuberculosis, garbage, and police and fire pension fund	\$1. 94
Street and bridge	. 24
School district	2. 70
Park district	. 41
	<hr/> \$5. 29
State	. 45
County	. 59
County highway	. 25
	<hr/> 1. 2C
Total, all purposes	<hr/> 6. 58

Unless there is a tremendous revenue derived from sources other than from taxes, the rate of \$1.20 for Washington is ridiculous. While I have never had my attention called to this disparity, I am amazed that the light has not been let into financial affairs of the Capital City long before this time.

You should be supported by every colleague in your effort to compel the citizens of Washington to do theirs, even as every citizen outside the District is doing his.

Wishing you success, I am,
Very truly yours,

E. N. WOODRUFF, *Mayor.*

The foregoing statement from the mayor of Peoria, Ill., fairly indicates the sentiment of the people over the United States. It might be enlightening to quote from a few of the letters received the tax rates of some of the cities over the United States as certified to me by the mayors of such cities.

When I speak of the tax rate of these cities I, of course, mean their total tax—State, county, school, and municipal—which is the total tax citizens of those respective cities have to pay on their property, as compared with the \$1.40 on the \$100 rate Washington people have to pay in the District of Columbia.

The tax rate paid by the people in Baltimore, Md., \$3.27 on the \$100; in New Orleans, La., \$3.16½ on the \$100; in Portland, Oreg., \$4.52 on the \$100; in my birthplace, Houston, Tex., \$4.29½ on the \$100; in Ogden, Utah, \$3.33 on the \$100; in Cheyenne, Wyo., \$3.75 on the \$100; in Fort Smith, Ark., \$3.32 on the \$100; in New Bedford, Mass., \$3.13; in Burlington, Vt., \$3.10 on the \$100; in Pittsburgh, Pa., \$3.22 on the \$100; in St. Louis, Mo., which is a distinct political subdivision of the State, the city tax is \$2.43 on the \$100; in Boston, Mass., \$2.47 on the \$100; in Rochester, N. Y., \$3.36 on the \$100; in Portland, Me., \$3.40 on the \$100; in Boise City, Idaho, \$4.29 on the \$100; in Mobile, Ala., \$3.40 on the \$100; in Detroit, Mich., \$2.75 per \$100; in Duluth, Minn., \$5.79 on the \$100; in Atlanta, Ga., \$3.15 on the \$100; in Kansas City, Mo., \$2.93 on the \$100; in Minneapolis, Minn., \$6.52 on the \$100; in Salt Lake City, Utah, \$3.18 on the \$100; in Oakland, Calif., \$4.02 on the \$100.

Mr. Cornelius M. Sheehan, president, and Mr. Leo Kenneth Mayer, director, respectively, of the American City Government League, advise me that the tax rate in the city of New York is as follows:

TAXES IN CITY OF NEW YORK

City purposes.....	\$1. 287
School purposes.....	. 555
Debt charges.....	. 619
County charges.....	. 096
State charges.....	. 171
Total city tax rate.....	2. 728

TAX RATE IN TEXAS CITIES

The total taxes, State, county, and city, paid by cities in Texas are as follows:

In the city of Austin, the capital of Texas, \$3.54 on the \$100; in Denver, Colo., \$2.76 on the \$100; in Trenton, N. J., \$3.22 on the \$100; in Racine, Wis., \$2.87 on the \$100; in Nashville, Tenn., \$2.80 on the \$100; in Charlottesville, Va., \$2.85. And let me illustrate as the tax rate runs generally over Texas: In Paris, Tex., \$4.10 on the \$100; in Port Arthur, Tex., \$3.54 on the \$100; in Tyler, Tex., \$4.61 on the \$100; in Denison, Tex., \$3.32 on the \$100; in Waco, Tex., \$3.63 on the \$100; in Amarillo, Tex., \$3.55 on the \$100; in Temple, Tex., \$3.15; in Wichita Falls, Tex., \$5.05 on the \$100; in Beaumont, Tex., \$4.04.

Mr. Edward F. Bryant, tax collector for San Francisco, Calif., has sent me a statement certifying that the following is the tax rate paid by the citizens in the following cities:

In Seattle, Wash., \$8.80 on the \$100; Chicago, Ill., \$8 on the \$100; in Reno, Nev., \$7.38 on the \$100; in Philadelphia, Pa., \$6 on the \$100; in Detroit, Mich., \$4.48 on the \$100; in San Francisco, Calif., \$3.47 on the \$100; in Los Angeles, Calif., \$3.89 on the \$100.

What excuse have we to offer to our constituents back at home who are paying the above tax rates for permitting by our votes here the 437,000 people in Washington, D. C., to continue paying the measly little pittance of only \$1.40 on the \$100, based on a half to two-thirds valuation, when our constituents have to pay all the balance of the expenses of this great city?

WHO SHOULD OBJECT TO WHAT IS JUST AND RIGHT

Some of the finest people in the world live in Washington. They are selfish, simply because Congress has raised them that way from their infancy up. They have been taught to depend on hand-outs each year from the Public Treasury. I am contending only that they should pay a reasonable and fair tax; not a high tax but a reasonable and fair one. I am willing to find out what is the lowest tax rate in any comparable city in the whole United States and adopt that rate as the tax rate for Washington. Isn't that fair? What could be fairer?

MEMBERS OF PRESS GALLERY CITIZENS OF WASHINGTON

Most of the members of the press gallery are citizens of Washington, owning homes here, and some own property here of various kinds. They are personally interested in keeping this low tax rate here. Because I have continued a never-ceasing, determined fight to force a reasonable tax rate here they are prejudiced against me, and with very rare exceptions they never permit any kind reference about any of my work here to go into the press of the country. But the people of the United States who read the daily Congressional Record and who are familiar with my work in Congress are catching on to the discrimination, and to the punishment which these press reporters attempt to inflict upon me, hence their third degrees cause little injury to me. When I know that I am right, I am not afraid to go ahead.

THIS BILL SHOULD NOT PASS

At the proper moment I shall move to strike out the enacting clause of this bill, and I hope that my colleagues will support same, and thus prevent this unmeritorious and unjust measure from passing.
Respectfully submitted.

THOMAS L. BLANTON,
Member, Committee on the District of Columbia.



